

The Gazette of India

EXTRAORDINARY
PUBLISHED BY AUTHORITY

NEW DELHI, TUESDAY, APRIL 1, 1947

GOVERNMENT OF INDIA
LEGISLATIVE DEPARTMENT

New Delhi, the 1st April, 1947

The following Act of the Indian Legislature received the assent of the Governor General on the 31st March 1947, and is hereby published for general information —

ACT No. XX OF 1947

An Act to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April 1947.

WHEREAS it is expedient to discontinue the duty on salt manufactured in, or imported into, British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, VI of 1898, to continue, subject to certain modifications, for a further period of one year the additional duties of customs imposed by section 6 of the Indian Finance Act, 1942, to continue XII of 1942 the temporary export duty on raw cotton and the enhanced rates of export duties on raw jute and jute manufactures, to enhance the export duty on tea, to fix rates of income-tax and super-tax, and to make certain provisions relating to income-tax, super-tax and excess profits tax ;

It is hereby enacted as follows :—

1. (1) This Act may be called the Indian Finance Act, Short title and extent.
1947.

(2) It extends to the whole of British India.

2. For the year beginning on the 1st day of April 1947, no Discontinuance duty shall be levied on salt manufactured in, or imported by of salt duty. sea or by land into, British India.

3. For the year beginning on the 1st day of April 1947, Inland postage the Schedule contained in the First Schedule to the Indian rates. Finance Act, 1943, shall again be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

4. The additional duties of customs on certain goods charge- Continuance of additional duties of customs imposed by section 6, Act XII of 1942. XXXII of 1942. able with a duty of customs under the First Schedule to the Indian Tariff Act, 1934, or under the said Schedule read with any notification of the Central Government for the time being in force, imposed up to the 31st day of March 1943 by section 6 of the Indian Finance Act, 1942, and continued, subject to

VII of 1946.

certain modifications, up to the 31st day of March 1947, by section 5 of the Indian Finance Act, 1946, shall continue to be levied and collected, as provided in the said section 6 and subject to the aforesaid modifications, up to the 31st day of March 1948.

Provision regard-
ing certain tempo-
rary duties of cus-
toms and enhanced
rates of duties of
customs.
XXXII of 1934.

5. (1) For the Second Schedule to the Indian Tariff Act, 1934, the following shall be substituted, namely :—

“THE SECOND SCHEDULE

Export Tariff

| Item No. | Name of article | Rate of duty |
|----------|--|---|
| 1 | RAW JUTE (other than Bimlipatam jute)— | |
| | (1) Cuttings | Rs. 4-8 per bale of 400 lbs. |
| | (2) All other descriptions | Rs. 15 per bale of 400 lbs. |
| 2 | JUTE MANUFACTURES (other than of Bimlipatam jute), when not in actual use as coverings, receptacles or bindings for other goods— | |
| | (1) Sacking (cloth, bags, twist, yarn, rope and twine) | Rs. 50 per ton. |
| | (2) Hessians and all other descriptions of jute manufactures not otherwise specified | Rs. 80 per ton. |
| 3 | RAW COTTON | At such rate not exceeding Rs. 75 per bale of 400 lbs. as the Central Government by notification in the official Gazette may from time to time determine. |
| 4 | RYCE, with or without husk, including rice flour, but excluding rice bran and rice dust, which are free | Two annas and three pies per standard maund. |
| 5 | TEA | Four annas per lb.” |

(2) The following Ordinances are hereby repealed, namely :—

XXVI of 1946.

(a) The Indian Tariff Act (Amendment) Ordinance, 1946 ;

XXVII of 1946.

(b) The Indian Tariff Act (Second Amendment) Ordinance, 1946 ;

II of 1947.

(c) The Indian Tariff (Amendment) Ordinance, 1947.

Income-tax and
super-tax.

6. (1) Subject to the provisions of sub-sections (3), (4), (5) and (6), for the year beginning on the 1st day of April 1947—

(a) income-tax shall be charged at the rates specified in Part I of the Schedule, and

XI of 1922.

(b) rates of super-tax shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Schedule.

(2) In making any assessment for the year ending on the 31st day of March 1948, there shall be deducted from the total income of an assessee, in accordance with the provisions of section 15A of the Indian Income-tax Act, 1922, an amount equal to one-fifth of the earned income, if any, included in his total income, but not exceeding in any case four thousand rupees.

(3) In making any assessment for the year ending on the 31st day of March 1948,—

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" as reduced by the deduction for earned income appropriate thereto, or any income chargeable under the head "Interest on securities", or any income from dividends in respect of which he is deemed under section 49B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1946, on his total income the same proportion as the amount of such inclusions bears to his total income ;

VII of 1947

(b) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Indian Income-tax Act, 1922, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1946, on his total income the same proportion as the amount of such inclusion bears to his total income.

(4) In making any assessment for the year ending on the 31st day of March 1948, where the total income of an assessee consists partly of earned income and partly of unearned income, the super-tax payable by him shall be—

- (i) on that part of the earned income chargeable under the head "Salaries" to which clause (b) of sub-section (3) applies, the amount of super-tax computed in accordance with the provisions of that sub-section,
plus
- (ii) on the remainder of the earned income, the amount which bears to the total amount of super-tax which would have been payable on his total income had it consisted wholly of earned income the same proportion as such remainder bears to his total income,
plus
- (iii) on the unearned income, the amount which bears to the total amount of super-tax which would have been

payable on his total income had it consisted wholly of unearned income the same proportion as the unearned income bears to his total income.

(5) In making any assessment for the year ending on the 31st day of March 1948,—

(a) where the total income of a company includes any profits and gains from life insurance business, the super-tax payable by the company shall be reduced by an amount computed at the rate of two annas in the rupee on that part of its total income which consists of such inclusion ;

(b) where the total income of an assessee, not being a company, includes any profits and gains from life insurance business, the income-tax and super-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of such taxes payable according to the rates applicable under the operation of the Indian Finance Act, 1942, on his total income the same proportion as the amount of such inclusion bears to his total income, so however that the aggregate of the taxes so computed in respect of such inclusion shall not in any case exceed the amount of tax payable on such inclusion at the rate of five annas in the rupee.

XII of 1942.

(6) In cases to which section 17 of the Indian Income-tax Act, 1922, applies, the tax chargeable shall be determined as provided in that section but with reference to the rates imposed by sub-section (1), and in accordance, where applicable, with the provisions of sub-sections (3), (4) and (5) of this section.

(7) For the purposes of making any deduction of income-tax in the year beginning on the 1st day of April 1947, under sub-section (2) or sub-section (2B) of section 18 of the Indian Income-tax Act, 1922, from any earned income chargeable under the head "Salaries", the estimated total income of the assessee under this head shall, in computing the income-tax to be deducted, be reduced by an amount equal to one-fifth of such earned income, but not exceeding in any case four thousand rupees.

(8) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922, and the expression "earned income" has the meaning assigned to it in clause (6A) of section 2 of that Act.

**Amendment of
section 10, Act
XII of 1942.**

7. To sub-section (2) of section 10 of the Indian Finance Act, 1942, the following proviso shall be added, namely :—

"Provided that if it is subsequently found that the sum so repaid was excessive, the excess repayment shall be recoverable, and the provisions of law re-

ferred to in sub-section (4) of section 2 of the Excess Profits Tax Ordinance, 1943, shall apply to the **XVI of 1943** payment and recovery of the amount of the excess repayment as if that amount were a deposit required to be made under that section, but notwithstanding the provisions of sub-section (7) of section 48 of the Indian Income-tax Act, 1922, as applied by the **XI of 1922**, said sub-section (4), such recovery may be made at any time."

THE SCHEDULE

(See section 6)

PART I

Rates of Income-tax

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B of this Part applies—

| | Rate |
|---|--------------------------------------|
| 1. On the first Rs. 1,500 of total income . . . | <i>Nil.</i> |
| 2. On the next Rs. 3,500 of total income . . . | One anna in the rupee. |
| 3. On the next Rs. 5,000 of total income . . . | Two annas in the rupee. |
| 4. On the next Rs. 5,000 of total income . . . | Three and a half annas in the rupee. |
| 5. On the balance of total income | Five annas in the rupee. |

Provided that—

(i) no income-tax shall be payable on a total income which, before deduction of the allowance, if any, for earned income, does not exceed Rs. 2,500 ;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income (before deduction of the said allowance, if any, for earned income) exceeds Rs. 2,500 ;

(iii) the income-tax payable on the total income as reduced by the allowance for earned income shall not exceed either—

(a) a sum bearing to half the amount by which the total income (before deduction of the allowance for earned income) exceeds Rs. 2,500 the same proportion as such reduced total income bears to the unreduced total income, or

(b) the income-tax payable on the income so reduced at the rates herein specified,—

whichever is less.

B.—In the case of every company and local authority, and in every case in which under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the **XI of 1922**, maximum rate—

| | Rate |
|------------------------------|--------------------------|
| On the whole of total income | Five annas in the rupee. |

PART II

Rates of Super-tax

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other paragraph of this Part applies—

| | Rate, if income wholly earned. | Rate, if income wholly unearned. |
|--|------------------------------------|--------------------------------------|
| 1. On the first Rs. 25,000 of total income | <i>Nil.</i> | <i>Nil.</i> |
| 2. On the next Rs. 5,000 of total income. | Two annas in the rupee. | Three annas in the rupee. |
| 3. On the next Rs. 5,000 of total income. | Two and a half annas in the rupee. | Three and a half annas in the rupee. |
| 4. On the next Rs. 10,000 of total income. | Three annas in the rupee. | Four annas in the rupee. |
| 5. On the next Rs. 10,000 of total income. | Four annas in the rupee. | Five annas in the rupee. |
| 6. On the next Rs. 10,000 of total income. | Five annas in the rupee. | Six annas in the rupee. |
| 7. On the next Rs. 10,000 of total income. | Six annas in the rupee. | Seven annas in the rupee. |
| 8. On the next Rs. 15,000 of total income. | Seven annas in the rupee. | Eight annas in the rupee. |
| 9. On the next Rs. 15,000 of total income. | Eight annas in the rupee. | Nine annas in the rupee. |
| 10. On the next Rs. 15,000 of total income. | Nine annas in the rupee. | Ten annas in the rupee. |
| 11. On the next Rs. 30,000 of total income. | Ten annas in the rupee. | Ten and a half annas in the rupee. |
| 12. On the balance of total income. | Ten and a half annas in the rupee. | Ten and a half annas in the rupee. |

B.—In the case of every local authority—

Rate

On the whole of total income Two annas in the rupee.

C.—In the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of a Provincial Legislature governing the registration of co-operative societies—

11 of 1912.

Rate

- (1) On the first Rs. 25,000 of total income *Nil.*
- (2) On the balance of total income Two annas in the rupee.

D.—In the case of every company—

Rate

On the whole of total income Two annas in the rupee.

and in addition, in respect of that part of the total income (as reduced by the amount of dividends payable at a fixed rate) which does not exceed the amount of dividends, not being dividends payable at a fixed rate, declared in British India in respect of the whole or part of the previous year for the assessment for the year ending on the 31st day of March 1948, on the amount by which such part—

Rate

- (a) exceeds 30 per cent., but does not exceed 40 per cent., of the total income as so reduced . . . Three annas in the rupee.
- (b) exceeds 40 per cent., but does not exceed 50 per cent., of the total income as so reduced . . . Five annas in the rupee.
- (c) exceeds 50 per cent. of the total income as so reduced . . . Seven annas in the rupee :

Provided that—

(i) no additional super-tax shall be payable where such part is less than, or equal to, five per cent. on the capital of the company ;

(ii) where such part is more than five per cent. on the capital of the company, the additional super-tax payable shall be reduced by the amount of additional super-tax which would, but for the provisions of clause (i) of this proviso, have been payable had such part been equal to five per cent. on the capital of the company ;

(iii) the additional super-tax shall be payable only by a company in which the public are substantially interested within the meaning of the *Explanation* to sub-section (1) of section 23A of the Indian Income-tax Act, 1922, or a subsidiary company of such a company where the whole of the share capital of such subsidiary company is held by the parent company or by the nominees thereof.

XI of 1922.

Explanation.—For the purposes of this paragraph,—

(a) the expression “ capital of the company ” shall be deemed to mean the paid-up share capital at the beginning of the previous year for the assessment for the year ending on the 31st day of March 1948 (other than capital entitled to a dividend at a fixed rate) plus any reserves other than depreciation reserves and reserves for bad or doubtful debts at the same date as diminished by the amount on deposit on the same date with the Central Government under section 10 of the Indian Finance Act, 1942, or section 2 of the Excess Profits Tax Ordinance, 1943 ;

XII of 1942.
XVI of 1943.

(b) the expression "dividend" shall be deemed to include any distribution included in that expression as defined in clause (6A) of section 2 of the Indian Income-tax Act, 1922, and any such distribution made during the year ending on the 31st day of March 1948 shall be deemed to have been made in respect of the whole or part of the previous year ;

(c) where any portion of the profits and gains of a company is not included in its total income by reason of such portion being exempt from tax under any provision of the Indian Income-tax Act, 1922, the capital of the company, the total amount of dividends and the amount of dividends payable at a fixed rate shall each be deemed to be the proportion thereof that the total income of the company bears to its total profits and gains.

G. H. SPENCE,
Secy. to the Govt. of India.